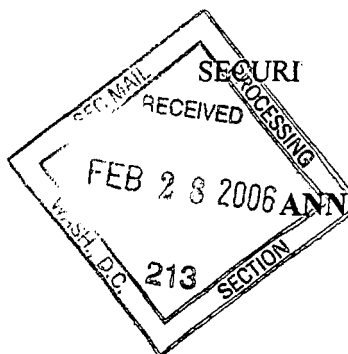


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MISSION

OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
Estimated average burden hours per response . . . 12.00

SEC FILE NUMBER
8-43843

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:
First Trust Portfolios L.P. and Subsidiaries

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1001 Warrenville Road, Suite 300

(No. and Street)

Lisle

(City)

IL

(State)

60532

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

W. Scott Jardine

(630) 241-8798

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP

111 S. Wacker
(Address)

(Name - if individual, state last, first, middle name)
Chicago
(City)

IL
(State)

60606
(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAY 11 2006

THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).
SEC 1410 (06-02)

5-NO

FIRST TRUST PORTFOLIOS L.P. AND SUBSIDIARIES

TABLE OF CONTENTS

This report contains (check all applicable boxes):

- (X) Independent Auditors' Report
- (X) (a) Facing Page
- (X) (b) Consolidated Statement of Financial Condition
- (X) (c) Consolidated Statement of Income
- (X) (d) Consolidated Statement of Changes in Partners' Capital
- (X) (e) Consolidated Statement of Cash Flows
- () (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors
(Not Applicable)
- (X) Notes to Consolidated Financial Statements
- (X) (g) Unconsolidated Computation of Net Capital for Brokers and Dealers Pursuant to
Rule 15c3-1 Under the Securities Exchange Act of 1934
- (X) (h) Unconsolidated Computation for Determination of Reserve Requirements for Brokers
and Dealers Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934
- (X) (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers
Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934
- () (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital
Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements
Under 15c3-3 (Included in g)
- () (k) A Reconciliation Between the Audited and Unaudited Statements of Financial Condition
With Respect to Methods of Consolidation (Not Applicable)
- (X) (l) An Oath or Affirmation
- () (m) Copy of the SIPC Supplemental Report (Not Applicable)
- (X) (n) A Report Describing any Material Inadequacies Found to Exist or Found to Have Existed
Since the Date of the Previous Audit (Supplemental Report on Internal Control)

AFFIRMATION

I, Mark R. Bradley, affirm that, to the best of my knowledge and belief, the accompanying consolidated financial statements and unconsolidated schedules pertaining to First Trust Portfolios L.P. and Subsidiaries, for the year ended December 31, 2005, are true and correct. I further affirm that neither the Partnership nor any partner, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer.

Mark R. Bradley 2-17-06
Signature Date

Chief Financial Officer
Title

Kelley Christensen
Notary Public



FIRST TRUST PORTFOLIOS L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2005

ASSETS

CASH AND CASH EQUIVALENTS	\$ 4,233,515
CASH SEGREGATED FOR REGULATORY PURPOSES	2,300,000
DEPOSITS WITH CLEARING ORGANIZATIONS	5,924,273
RECEIVABLES:	
Brokers, dealers and clearing organizations	10,801,350
Customers	4,508,453
Interest	162,518
Affiliates	7,218,996
Other	<u>1,567,438</u>
Total receivables	24,258,755
SECURITIES OWNED, PLEDGED AS COLLATERAL	19,662,949
OFFICE FURNISHINGS, SOFTWARE AND EQUIPMENT—At cost, less accumulated depreciation of \$2,689,194	1,683,576
LEASEHOLD IMPROVEMENTS—At cost, less accumulated amortization of \$948,065	282,623
GOODWILL	1,460,137
INTANGIBLE ASSET—License Agreement, less accumulated amortization of \$300,000	200,000
OTHER ASSETS	<u>3,158,209</u>
TOTAL ASSETS	<u>\$63,164,037</u>

LIABILITIES AND PARTNERS' CAPITAL

SHORT-TERM BANK BORROWINGS	\$ 9,497,857
SECURITIES SOLD, NOT YET PURCHASED	1,188,466
PAYABLES:	
Brokers, dealers and clearing organizations	5,679,134
Customers	1,215,405
Affiliates	<u>508,700</u>
Total payables	7,403,239
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	7,025,843
MINORITY INTERESTS IN SUBSIDIARIES	198,921
PARTNERS' CAPITAL	<u>37,849,711</u>
TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u>\$63,164,037</u>

See notes to consolidated financial statements.